

Message Text

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ACTION EB-07

INFO OCT-01 EA-07 ISO-00 INT-05 AGR-05 AID-05 CIAE-00

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FM AMEMBASSY VIENTIANE

TO SECSTATE WASHDC 5629

INFO AMEMBASSY BANGKOK

AMEMBASSY TOKYO

AMCONSUL HONG KONG

CINCPAC

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CINCPAC FOR POLAD

E.O. 11652: N/A

TAGS: EINV, BGEN, LA, JA

SUBJECT: JAPANESE COMMERCIAL INTERESTS IN LAOS

1. JAPANESE EMBASSY FIRST SECRETARY NORITAKE KAI REVIEWED CURRENT JAPANESE PRIVATE INVESTMENT IN LAOS WITH EMBOFF NOVEMBER 13. KAI SAID HE KNEW OF ONLY THREE ENTERPRISES IN LAOS IN WHICH THERE IS NOW JAPANESE INVESTMENT. THESE ARE THE SENG FAH IRON SHEET FACTORY, LAO WOOD INDUSTRIES AND THE SOCIETE ANONYME DE DEVELOPPEMENT INDUSTRIEL LAO-JAPONAIS (SILJA). ALL THREE ARE BASED IN VIENTIANE.

2. THE SENG FAH IRON SHEET FACTORY HAS 40 PERCENT JAPANESE CAPITAL. THE OTHER 60 PERCENT OF ITS SHARES WERE OWNED UNTIL RECENTLY BY A LOCAL CHINESE BUSINESS-

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MAN, ACCORDING TO KAI. THE CHINESE BUSINESSMAN HAS NOW FLED LAOS, AND IT APPEARS LIKELY THAT HIS 60 PER-

CENT INTEREST WILL BE TAKEN OVER BY THE REVOLUTIONARY COMMITTEE FOR VIENTIANE. HOWEVER, KAI DID NOT EXPECT THAT THE JAPANESE INTEREST WOULD BE NATIONALIZED.

3. LAO WOOD INDUSTRIES, OPERATED BY MR. TADA, HAS A CAPITAL OF 300,000,000 KIP, 55 PERCENT OF WHICH IS JAPANESE/ THAI AND 45 PERCENT OF WHICH IS LAO. KAI SAID THAT LAO WOOD INDUSTRIES IS NOW EXPANDING ITS OPERATIONS. IT HAS CONTRACTS THROUGH 1976 TO SELL FURNITURE TO JAPANESE FIRMS. ACCORDING TO KAI, THE COMPANY NOW HAS A MONTHLY PRODUCTION VALUE AT 50,000 DOLLARS AND BY DECEMBER, 1976, THIS PRODUCTION SHOULD AVERAGE 120,000 DOLLARS PER MONTH.

3. THE THIRD COMPANY, SILJA, HAS A JAPANESE PARTICIPATION OF 49 PERCENT. KAI STATED SILJA HAD A VERY SMALL OPERATING CAPITAL NOW AND HAD THUS FAR BEEN INVOLVED IN IMPORTING JAPANESE CARS. HOWEVER, SILJA HAS PLANS TO BRANCH OUT INTO THE CREATION AND OPERATION OF A SUGAR MILL IN THE VIENTIANE AREA. KAI THOUGHT THESE PLANS WERE NOT YET FIRM. (WE ASSUME THIS IS THE SAME SUGAR MILL MENTIONED IN VIENTIANE 4056 AND 5599.)

4. IN ADDITION TO CURRENT INVESTMENT, KAI STATED THAT THE LARGEST STEEL COMPANY IN JAPAN, THE NEW JAPAN STEEL COMPANY, HAS SHOWN GREAT INTEREST IN LAOS'S IRON ORE DEPOSIT AND HAS APPROACHED THE LAO GOVERNMENT DIRECTLY TO DISCUSS THE EVENTUAL EXPLOITATION OF THESE RESOURCES. KAI UNDERSTOOD JAPANESE COMPANIES WERE ALSO INTERESTED IN THE POTASH DEPOSITS IN THE VIENTIANE PLAIN. KAI SAID THE PGNU HAD AS YET MADE NO AGREEMENT WITH A JAPANESE COMPANY IN THE MINING FIELD. HOWEVER, HE REPORTED THAT THE PGNU HAS ASKED THE JAPANESE GOVERNMENT TO PROVIDE TWO "VOLUNTEER" (I.E., PAID FOR BY JAPAN) EXPERTS IN GEOLOGY TO SURVEY LAOS'S MINERAL DEPOSITS. THE JAPANESE GOVERNMENT HAS NOT YET RESPONDED TO THIS REQUEST.
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